

VZCZCXRO8460
PP RUEHBW RUEHFL RUEHKW RUEHLA RUEHROV RUEHSR
DE RUEHMO #1294 1291155
ZNY CCCCC ZZH
P 081155Z MAY 08
FM AMEMBASSY MOSCOW
TO RUEHC/SECSTATE WASHDC PRIORITY 7967
INFO RUCNCIS/CIS COLLECTIVE PRIORITY
RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY
RUEHXL/MOSCOW POLITICAL COLLECTIVE PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RHMFISS/DEPT OF ENERGY WASHINGTON DC PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY

C O N F I D E N T I A L MOSCOW 001294

SIPDIS

DEPT FOR EUR/RUS, FOR EEB/ESC/IEC GALLOGLY AND WRIGHT
EUR/CARC, SCA (GALLAGHER, SUMAR)
DOE FOR FREDRIKSEN, HEGBORG, EKIMOFF
DOC FOR 4231/IEP/EUR/JBROUGHER

E.O. 12958: DECL: 03/14/2018
TAGS: [EPET](#) [ENRG](#) [ECON](#) [PREL](#) [RS](#)
SUBJECT: TNK-BP PRESIDENT OUTLINES CONTINUING INTERNAL
FIGHT FOR CONTROL OF COMPANY

REF: MOSCOW 1153 (NOTAL)

Classified By: Ambassador William J. Burns for Reasons 1.4 (b/d)

SUMMARY

¶1. (C) TNK-BP President Bob Dudley (strictly protect) informed the Ambassador May 6 of recent legal actions taken against the company that he believes are part of the on-going internal struggle (reftel) for control of TNK-BP. Dudley and BP are concerned that the story, which has been kept quiet so far, will soon make a splash in the press, with potential negative consequences on the perception of Russia's investment climate. End summary.

LEGAL ACTIONS AGAINST TNK-BP

¶2. (C) Bob Dudley, the Amciti president of TNK-BP, updated the Ambassador May 6 on the continuing struggle for control of the company, which is owned 50% by BP and 50% by the group collectively known as AAR -- reflecting ownership by Alfa Group (controlled by Mikhail Fridman, German Khan, and Petr Aven), Access Industries (controlled by Amciti Len Blavatnik), and Renova Group (controlled by Viktor Vekselberg). According to Dudley, AAR, especially the Alfa partners, is engaging in a series of legal maneuvers to weaken BP's position.

¶3. (C) The measures Dudley cited as affecting the company include a Tyumen court case that would bar the use of foreign secondees (BP employees), bar payments to BP for those secondees, and demand previous payments to BP for the secondees be repaid to TNK-BP. The Tyumen case was filed by a company called Tetlis, which, according to Dudley, is run by former Alfa employees. Tetlis applied separately for and received an injunction prohibiting TNK-BP from using or paying secondees until the case is decided. Dudley said BP and TNK-BP are examining their legal options and intend to vigorously fight the claim and the injunction.

¶4. (C) Dudley also noted continuing interference with the visa and immigration status of TNK-BP's foreign employees, which may prevent renewals of work permits for a majority of the affected staff this summer. According to Dudley, AAR has also impeded corporate governance processes, and may be involved in generating a new back-tax claim against the

company.

EFFECT ON INVESTMENT CLIMATE

15. (C) Dudley told us that foreign managers in TNK-BP and BP have successfully prevented this story from being discussed widely in the press, but that the lid may soon come off. He said AAR may begin a "black" PR campaign against BP soon. He added that BP is committed to staying in the Russian market, but is concerned that this episode, an internal and limited conflict led by a few individuals, would damage perceptions of the investment climate in Russia. According to Dudley, BP and TNK-BP managers have notified the GOR at various levels of these concerns.

COMMENT

16. (C) BP and TNK-BP's Western managers are not asking for U.S. assistance at this time but plan to keep us informed as the situation progresses.
BURNS